



Title: I, Payroll/Personnel Manual

Chapter: 28, Section 2, Tax Formulas (TAXES)

Bulletin: TAXES 05-17, Virginia State Income Tax Withholding

Date: May 5, 2005

To: Holders of TAXES (State of Virginia only)
Personnel User Groups
T&A Contact Points in Virginia

Beginning with wages paid for Pay Period 9, the National Finance Center (NFC) will make the following changes to the state of Virginia income tax withholdings:

- The standard deduction will increase from \$2,500 to \$3,000.
- The personal exemption allowance will increase from \$800 to \$900.
Note: The additional exemption allowance for employees and spouses who are age 65 or over and/or legally blind will remain \$800.
- The nontaxable biweekly Federal Employees Health Benefits payment and the taxable biweekly fringe benefits statements will be included in the state tax formula.

The state of Virginia has revised Form VA-4, Employee's Virginia Income Tax Withholding Exemption Certificate (see attachment), to allow employees to claim personal exemptions and to claim additional exemptions for employees and spouses who are age 65 or older and/or legally blind **separately**.

To accommodate these changes, the Entry, Processing, Input, and Correction System (EPIC), Window EI0801, State Income Tax, and the State Tax Certificate on the Self Service Option of the Employee Personal Page (EPP), will be modified in Pay Period 9 to allow the entry of the additional exemption allowance(s) for employees and spouses who are age 65 or over and/or legally blind in the **Additional Exemptions Claimed** field. The total exemptions claimed will continue to be entered in the **Total Number Of Allowances Claimed** field. For information on entering data in the **Total Number Of Allowances Claimed** field and the **Additional Exemptions Claimed** field, see the updated Virginia tax formula.

Although EPIC will allow the entry of the additional exemption allowance(s) in the **Additional Exemptions Claimed** field for the state of Virginia (State Code 51) in Pay Period 9, EPIC Window EI0801 will not be modified to display **Virginia** in the list of states allowed to enter data in this field until the next release of EPIC.

Note: All employees currently having Virginia state tax withheld should be encouraged to review their exemption data. Employees who currently claim the additional exemption allowance for employees and spouses who are age 65 or older and/or legally blind should complete a revised Form VA-4. The revised Form VA-4 must be processed in EPIC, the Self Service Option of EPP, or through an agency's front-end system interface (FESI).

To view the updated tax formula, go to NFC's Home Page (www.nfc.usda.gov) and click **Pubs & Forms**. Then on the Pubs & Forms page left-hand menu, click **Tax Formulas** and select the appropriate state from the map provided. Changes to the tax formula are identified by "►◄".

For questions about NFC processing, contact the Payroll Operations Branch at **504-255-4630**. Please refer questions about system access and other system-related issues to Customer Support at **504-255-5230** or via e-mail at customer.support@usda.gov.



MARK J. HAZUDA, Director
Government Employees Services Division

Form VA-4, Employee's Virginia Income Tax Withholding Exemption Certificate

FORM VA-4

COMMONWEALTH OF VIRGINIA
DEPARTMENT OF TAXATION

PERSONAL EXEMPTION WORKSHEET

(See back for instructions)

1. If you wish to claim yourself, write "1"
2. If you are married and your spouse is not claimed on his or her own certificate, write "1"
3. Write the number of dependents you will be allowed to claim on your income tax return (do not include your spouse)
4. Subtotal Personal Exemptions (add lines 1 through 3)
5. Exemptions for age
 - (a) If you will be 65 or older on January 1, write "1"
 - (b) If you claimed an exemption on line 2 and your spouse will be 65 or older on January 1, write "1"
6. Exemptions for blindness
 - (a) If you are legally blind, write "1"
 - (b) If you claimed an exemption on line 2 and your spouse is legally blind, write "1"
7. Subtotal exemptions for age and blindness (add lines 5 through 6)
8. Total of Exemptions - add line 4 and line 7

Detach here and give the certificate to your employer. Keep the top portion for your records

FORM VA-4 EMPLOYEE'S VIRGINIA INCOME TAX WITHHOLDING EXEMPTION CERTIFICATE

Your social security number	Name	
Street Address		
City	State	ZIP Code

COMPLETE THE APPLICABLE LINES BELOW

1. If subject to withholding, enter the number of exemptions claimed on:
 - (a) Subtotal of Personal Exemptions - line 4 of the Personal Exemption Worksheet
 - (b) Subtotal of Exemptions for Age and Blindness - line 7 of the Personal Exemption Worksheet
 - (c) Total Exemptions - line 8 of the Personal Exemption Worksheet
2. Enter the amount of **additional** withholding requested (see instructions)
3. I certify that I am not subject to Virginia withholding. I meet the conditions set forth in the instructions (check here) ☐

Signature _____ Date _____
EMPLOYER: Keep exemption certificates with your records. If you believe the employee has claimed too many exemptions, notify the Department of Taxation, P.O. Box 1115, Richmond, Virginia 23216-1115, telephone (804) 367-8037.

VA DEPT OF TAXATION
2801384 REV 1/95A

Virginia State Income Tax Information

State Abbreviation: VA
State Tax Withholding State Code: 51
Acceptable Exemption Form: VA-4
Basis For Withholding: State Exemptions
Acceptable Exemption Data: 0 / Number of Exemptions / ►Number of Additional Exemptions◄
TSP Deferred: Yes
Special Coding: Determine the Total Number Of Allowances Claimed field as follows:
First Position - Enter 0 (zero).
Second and Third Positions - ►Enter the total exemptions claimed on Line 1(c) of the VA-4.
Determine the Additional Exemptions Claimed field as follows:
First and Second Positions - Enter the number of additional exemptions claimed for age and blindness on Line 1(b) of the VA-4. Valid values are **00** through **99**. If no additional exemptions are claimed, enter **00**.◄
Additional Information: None

Withholding Formula ►(Effective Pay Period 9, 2005)◄

1. Subtract the nontaxable biweekly Thrift Savings Plan contribution from the gross biweekly wages.
2. ►Subtract the nontaxable biweekly Federal Health Benefits Plan payment(s) (includes flexible spending account - health care and dependent care deductions) from the amount computed in step 1.
3. Add the taxable biweekly fringe benefits (taxable life insurance, etc.) to the amount computed in step 2 to obtain the adjusted gross biweekly wages.◄
4. Multiply the adjusted gross biweekly wages times 26 to obtain the gross annual wages.
5. Subtract a standard deduction of ►\$3,000◄ from the gross annual wages.
6. Determine the exemption allowance by applying the following guideline and subtract this amount from the result of step 5.

$$\text{Exemption Allowance} = \text{►\$900} \times \text{Number of Personal Exemptions}^1$$

¹ Number of **personal** exemptions claimed for self, spouse, and dependents. The number of **personal** exemptions is determined by subtracting the **Extra Exemptions** displayed on the Information/Research Inquiry System (IRIS), Program IR105, State Tax, from the **Number of Exemptions** displayed on IRIS Program IR105.

7. Determine the additional exemption allowance by applying the following guideline and subtract this amount from the result of step 6 to compute the taxable income.

$$\text{Additional Exemption Allowance} = \$800 \times \text{Number of Exemptions}^2$$

² Number of additional exemptions claimed for age and blindness. The number of **additional exemptions** is displayed on IRIS Program IR105 under **Extra Exemptions**.◄

8. Apply the taxable income computed in step 7 to the following table to determine the annual Virginia tax withholding.

Tax Withholding Table				
If the Amount of Taxable Income Is:		The Amount of Virginia Tax Withholding Should Be:		
Over:	But Not Over:	Of Excess Over:		
\$ 0	\$ 3,000	\$ 0	plus 2.00%	\$ 0
3,000	5,000	60	plus 3.00%	3,000
5,000	17,000	120	plus 5.00%	5,000
17,000	and over	720	plus 5.75%	17,000

9. Divide the annual Virginia tax withholding by 26 to obtain the biweekly Virginia tax withholding.